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May 7, 1990

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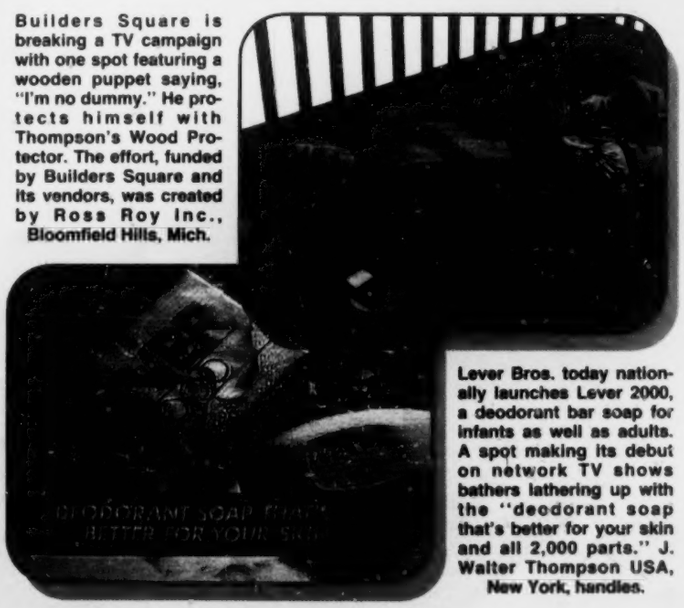
HOT STUFF

Planters LifeSavers' new $12 million network TV campaign shows a nutty twist on "Double Dutch" jump rope. Breaking May 8 via Lintas:New York, spots demonstrate the new theme line, "Everybody loves a nut."



Builders Square is breaking a TV campaign with one spot featuring a wooden puppet saying, "I'm no dummy." He protects himself with Thompson's Wood Protector. The effort, funded by Builders Square and its vendors, was created by Ross Roy Inc., Bloomfield Hills, Mich.

Lever Bros. today nationally launches Lever 2000, a deodorant bar soap for infants as well as adults. A spot making its debut on network TV shows bathers lathering up with the "deodorant soap that's better for your skin and all 2,000 parts." J. Walter Thompson USA, New York, handles.

AT&T, Chrysler eye TV pacts

Multiyear buys stir upfront market

By Wayne Walley and Raymond Serafin

TV's upfront buying season is in turmoil, as major advertisers press for multiyear deals and the Big 3 networks battle with buyers over ratings guarantees for next fall's shows.

AT&T Co., Chrysler Corp. and Procter & Gamble Co. are believed to be considering multiyear, multi-daypart deals with the networks. The reason: They want to try to hedge against likely price increases coupled with potential network ratings erosion.

Those major marketers are following the lead of General Motors Corp., which last week combined ad time on sports with prime-time programming in a three-year, $750 million deal with NBC.

The package gives GM first rights to attractive prime-time and sports fare on NBC and the No. 1-rated network's half-owned cable services—Consumer News & Business Channel and SportsChannel America.

The package includes a complicated formula giving GM preferred pick of a certain number of top 10 and top 20 shows, but the two parties will agree on ratings estimates and other details as the network schedules and the advertiser's needs unfold each year.

■ **The TV networks want to change the way ratings are guaranteed—Page 66.**

"Advertisers can't buy these things unless the supplier wants to sell them," said Larry Hoffner, exec VP-network sales for NBC. "We are reactive to the marketplace, and now we have a prototype. We could do this with a lot of clients."

Mr. Hoffner said the deal represents the

(Continued on Page 66)

Madonna nears Reebok deal

By Pat Sloan and Marcy Magiera

Pop star Madonna is giving product endorsements another try, this time with Reebok.

Reebok International is negotiating with the singer for an endorsement deal in which she would appear in TV spots for its lifestyle and performance shoes, sources say.

Last year, Madonna caused a major stir when she appeared in a Pepsi-Cola Co. commercial that was pulled from the air.

The singer is just starting the U.S. leg of her worldwide concert tour and also will star with Warren Beatty in Walt Disney Pictures' "Dick Tracy" film this summer.

Reebok and agency executives declined comment.

Although Madonna isn't a professional athlete, sources say, she's a fitness fanatic who over the past few years has used a personal trainer to transform a somewhat fleshy physique into a hard body. She's also a runner and could be used in advertising for cross-training products.

Madonna

It's not known how much Reebok will pay the controversial "material girl." Last year Nike had negotiated with Madonna for an endorsement deal for Side One casual shoes but couldn't agree on a price.

Pepsi reportedly paid her $5 million for its ill-fated commercial deal and the sponsorship of her 1989 tour, which was later canceled. The Pepsi spot was abruptly pulled after airing just once in

(Continued on Page 8)

LAST MINUTE NEWS

Sega gets Buster

CHICAGO—Heavyweight boxing champion James "Buster" Douglas on May 8 will announce a multiyear, multimillion-dollar commercial licensing deal with videogame marketer Sega of America (AA, Feb. 19). It's the first national endorsement contract for Mr. Douglas. Sources said he will appear in national TV and radio commercials for Sega and will make personal appearances. Sega declined comment. Bozell, Los Angeles, handles.

Zsa Zsa out at Dreyer's

OAKLAND, Calif.—Dreyer's Grand Ice Cream last week pulled a 30-second spot TV commercial featuring celebrity Zsa Zsa Gabor. The company said it got more than 300 consumer complaints about Ms. Gabor in the three weeks the spot ran. The commercial, created by Crawford/Wu Films, San Francisco, broke last month and was part of Dreyer's "Unbelievable spokesperson for an unbelievable product" campaign for Dreyer's Grand Light and Edy's Grand Light frozen desserts. Dreyer's began the campaign in 1987 and that year yanked a spot featuring Watergate conspirator John D. Ehrlichman.

'Fresh' trouble for P&G

WASHINGTON—Procter & Gamble is the latest target of a Food & Drug Administration probe of marketers

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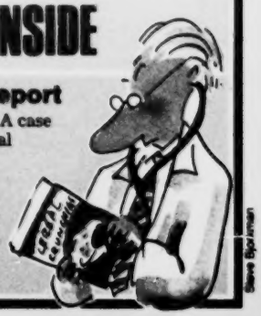
INSIDE

Special Report
Health claims: A case study of General Mills' Benefit cereal shows the pitfalls "healthy" food marketers face. —Page S-1



Steve Bjorkman

Tax shocker in N.Y.

Magazines, PR may have to pay

By Scott Donaton and Gary Levin

NEW YORK—Magazine publishers threatened legal action and public relations executives said they might move their businesses if an extension of New York state's 4% sales tax is approved.

Officials of the two industries lobbied furiously against the surprise proposal, introduced just last week.

The plan would extend the tax to magazine sales and to certain service industries.

The overall tax package is part of the state's budget being debated in Albany. New York is past the deadline for passing its budget. Legislators were expected to continue working on the budget over the weekend.

At press time, there remained a slim chance that the sales tax measures could be dropped from the overall budget bill and replaced by income tax surcharges.

Publishers and PR executives traveled to Albany and barraged Gov. Mario Cuomo's office with letters and phone calls.

Unlike the advertising industry, which earlier this year lobbied successfully against a plan to extend the sales tax to advertising, the magazine and PR industries were caught off-guard by the proposal.

"I think most people were surprised," said Burson-Marsteller President James Dowling. "I checked with a number of our colleagues, and they didn't have a clue. We weren't prepared for this."

"They hit us quickly," said Donald Kummerfeld, president of the Magazine Publishers of America. "But we're fighting it with calls, letter, lobbying efforts—everything we've got."

Mr. Kummerfeld labeled the bill "unconstitutional" because it discriminates between magazines and newspapers.

"We will, of course, challenge it in the courts," he said. "We would submit a suit the first day it became effective."

"This kind of selective taxation of the press has been considered and rejected by the U.S. Supreme Court in two recent cases," Peter Diamandis, MPA chairman and president of Diamandis Communications Inc., wrote in a letter to Gov. Cuomo. "Both cases involved sales taxes singling out particular kinds of publications for taxation, and the court ruled that such dis-

(Continued on Page 66)

Saatchi veterans out

By Laurel Wentz

LONDON—Saatchi & Saatchi Co. Chief Executive Robert Louis-Dreyfus asserted his power May 4 by making a take-it-or-leave-it offer to two top executives.

And they said leave it.

Roy Warman, 44, who helped found the agency in 1970, and Terry Bannister, 42, who joined two years later, left following weeks of negotiation about their continuing role with the company.

Messrs. Warman and Bannister, who had worked closely with Maurice and Charles Saatchi, were joint chief operating officers.

Mr. Louis-Dreyfus wanted to change their responsibility for overseeing Saatchi's communications businesses, reportedly wanting to give them jobs with lesser authority and responsibility for specific companies only.

"We were looking for an opportunity to continue to work together as a team and the ability to continue to take an overview from a central position," Mr. Bannister said Friday night.

Mr. Louis-Dreyfus said in a statement released late Friday afternoon: "I am sorry to see them go, but following the decision to redeploy as much of the central talent as possible within the operations, no role could be found for Roy and Terry that satisfied them."

Terry Bannister (l.) and Roy Warman during a recent *Ad Age* interview.

A third Saatchi executive, Deputy Chairman Jeremy Sinclair, will remain and assume responsibility for Saatchi & Saatchi Advertising Worldwide. Mr. Sinclair, a former copywriter who's spent his entire career at Saatchi, is extremely close to Charles Saatchi, a possible factor in his remaining.

"I think it was important for him to get rid of some bodies," a source said, referring to the pressure on Mr. Louis-Dreyfus to turn Saatchi around.

Mr. Bannister said they have not yet thought about what they might do next but are likely to continue to work as a team.

"When you've spend 18 years and 20 years, respectively, [at Saatchi] and it wasn't part of your plan to leave the company, it's very difficult to plan an alternative," he said. "We're considering our options."

Other sources said the duo might start their own company, perhaps in an area other than advertising. Last week, U.K. trade publication *Marketing Week* estimated each of them could be in line for severance pay of about $1.6 million.

Separately, analysts agreed Saatchi's financial problems won't force a sale of the Backer Spielvogel Bates Worldwide unit to former Ted Bates Worldwide Chairman Robert Jacoby.

Mr. Jacoby, who said he'd like to buy the unit, last week said if Saatchi was unwilling to sell or if he couldn't raise the money by June 1, he'd give up his effort.

In a staff memo, Chairman-CEO Carl Spielvogel insisted the unit "will not be sold to Mr. Jacoby or anyone else." □

'National' scales back locally

By Scott Donaton

The National sports daily is scaling back its ambitious plans for localized sports coverage in favor of a national approach.

Before its launch, *The National* executives said local sports coverage would be key to its success given the average fan's loyalty to local teams. Launch plans called for a core national section wrapped by a 12-page local section in each market.

But producing 12-page sections for each market turned out to be "a logistical and technical nightmare," said one editorial staffer familiar with the tabloid's plans. "Everyone realized the grand plan of having a local section for each area was not going to work."

Now the local sections will probably be reduced to two to three pages. Also, new bureaus will be staffed with fewer reporters than originally planned.

Frank Deford, the newspaper's editor, said some minor editorial changes are in the works as a result of a series of focus groups conducted with readers. Those changes will include a move toward nationalizing the tabloid, he said.

"It is a more national product now than it was six weeks ago, and we'll continue in that vein," Mr. Deford said. "We're not going to avoid local sports, but we will not feel obligated to cover the New York teams if there's hotter news."

Mr. Deford said most readers get local sports news from local daily newspapers, TV and radio.

"We noticed the Tyson fight and the NCAAs were what people were turning to us for and what we did best," he said.

Twelve weeks after its launch, *The National* is admittedly experiencing growing pains, and Ad Director Pete Spina said he's unveiling several new programs designed to boost advertiser support.

For example, Philip Morris USA was the sole advertiser in the May 6 edition, the first time an issue was sold to a single advertiser. Philip Morris ran six ad pages for its various tobacco products for an undisclosed cost.

"That's something we're going

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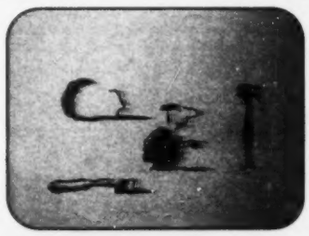

- Perrier returns, and so does its club-wielding cartoon cave man, adding some fizz to the relaunch campaign.

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ABP ABC CMPA

Circulation up at most papers on top 100 list

By Ira Teinowitz

Newspaper publishers got a pleasant surprise last week when figures from the Audit Bureau of Circulations showed circulations increasing.

Of the top 100 newspapers, only 21 were down, a good sign considering all the negative reports coming out of the American Newspaper Publishers Association meeting in California last month. The gloomy tone of that meeting was set after the Newspaper Advertising Bureau announced newspaper revenues weren't going to grow in 1990 as much as in previous years.

But now the Audit Bureau report shows that some of the biggest papers in the country are on the list of circulation gainers. Among them are the *Los Angeles Times*, up 8.1% daily to 1,210,077 and 5.7% Sunday to 1,504,540. *USA Today* jumped 3.8% (as adjusted for weekday circulation) to 1,460,494 and the *Houston Chronicle* grew 5.1% to 449,755 daily and 6.0% to 620,752 Sunday.

Losses by the *New York Daily News* and the *Los Angeles Times*'s gains (some of which followed last November's folding of the *Los Angeles Herald-Examiner*) moved the *Times* ahead of the *News* in circulation.

Only in New York and Chicago did bad news for papers in the nation's top 20 surface. Both the *Daily News* and *New York Post* showed decreases. In Chicago, the *Chicago Sun-Times* also posted another decline.

Only in New York and Chicago did bad news for papers in the nation's top 20 surface.

The positive figures, covering the six-month period ended March 31 compared with the same period last year, are somewhat diluted by the inclusion of the first results following major changes in the Detroit, Kansas City, Mo., and Dallas newspapers.

In Detroit, a joint operating agreement between two competing papers, Gannett Co.'s all-day *The Detroit News* and Knight-Ridder's morning *Detroit Free Press*, took effect Nov. 27, 1989. As a result, the *News* became an afternoon paper and on Saturday and Sunday was combined with the *Free Press*.

On Dec. 9, both papers raised their prices to 25¢ daily and $1 for the combined Sunday paper. The *News* had been 15¢ and the *Free Press* had been 20¢. The individual Sunday papers had been 75¢. A boost in home delivery prices also took effect Jan. 1.

The new *Free Press* reported a post-merger daily circulation of 639,767, up slightly from the 638,776 figure from Oct. 1 through the merger date. A year ago, the paper reported a circulation of 629,275 for the same period.

The *News* reported its post-merger daily circulation as 526,147, down from 691,611 from Oct. 1 through the merger date. A year ago, it reported a circulation of 676,025.

Alan Lenhoff, director of special projects for the Detroit Newspaper Agency, which oversees the two papers' joint departments, said most of the *News*' loss was in areas farthest from Detroit, which the paper had difficulty reaching because of its new afternoon publication time.

The Detroit News & Free Press, born of the merger, reported its first Sunday circulation as 1,270,420. The Sunday *News* edition had a circulation of 845,853 and the Sunday *Free Press* of 684,527 immediately before the merger.

In Kansas City, Capital Cities/ABC dropped its evening *The Kansas City Star* March 1 to focus on the morning product, formerly the *The Kansas City Times* and now carrying *The Kansas City Star* name.

With the switch, the new morning *Star* saw circulation of 300,208, up from the *Times*' 275,665 circulation for the period from Oct. 1 to March 1. But that's down 132,712 from the 432,920 combined circulations of the *Times* and the afternoon *Star* (whose circulation was 157,255).

Publisher James H. Hale said one reason for the combination was the unusually high level of readership duplication of the two papers and advertisers' unwillingness to pay twice to reach the same readers.

"We had the highest duplication of anybody in the country," he said, noting that was a historical accident stemming from attempts by independent distributors to retain afternoon circulation. In some areas, morning readers could take afternoon editions at a minimal increase in cost, he said.

In Dallas, the numbers are the first since the *Dallas Times Herald* lost 26 Universal Press Syndicate features and comics to the rival *The Dallas Morning News* early last fall. The *Times Herald* is suing the *Morning News* and its parent, A.H. Belo Corp., over the loss, claiming the move hurt the *Times Herald*'s circulation. That paper has been running a $10,000 weekly lottery promotion in its Sunday editions since February to boost circulation.

The *Morning News* reported a weekday circulation average of 389,605 (as adjusted for all days), up 5.4%, compared to the *Times Herald*'s 222,519, up 0.2%. On Sunday, the *Morning News* reported circulation of 565,164, up 5.7%, while the *Times Herald* reported circulation of 332,449, down 0.4%.

The three biggest papers with the largest circulation losses all suggested that most of the losses were over.

The *New York Daily News*, seeing its daily circulation slip 4.1% to 1,180,139 and Sunday circulation drop 4.3% to 1,461,316, attributed the losses to better targeting of the local audience.

The paper's circulation in New York City and nearby suburbs hasn't changed, said Tom Iaquinta, VP-circulation. The falloff stemmed from the paper's decreased efforts in parts of New Jersey and northern New York.

"I believe these losses will begin to be less of a factor by the next report [in November] or by next year at this time," he said.

At the *New York Post*, where daily circulation dropped 5.7% to 504,723 vs. a year earlier, President Valerie Salembier said the falloff has slowed since last fall.

The *Post* reported circulation of 507,568 for the six months ended Sept. 30, 1989, a period that some argue isn't fairly compared with the six months ended March 31.

Ms. Salembier said a combination of tabloid stories like the Donald Trump affair, a second-chance lotto for lottery losers and recent editorial that has won some awards are bringing people back to the paper.

"In six months, I truly believe our numbers will show an increase," she said.

In Chicago, the *Sun-Times* reported circulation down 4% to 532,678 daily and down 4.8% to 566,808 Sunday.

The paper raised its daily circulation price to 35¢ from 25¢ May 1, 1989. John A. Cimaroli, VP-circulation, cited the price increase and the paper's move to take over its own circulation from independent distributors as reasons for the falloff. He said the circulation decline has slowed, falling only 0.6% since September, when the paper reported daily circulation of 535,864.

The *Chicago Tribune* claims the *Sun-Times*' daily circulation is its lowest for a March period since 1970 and gives the *Tribune* its greatest daily lead since 1975. □

Top 100 newspapers by daily circulation

Rankings based on Audit Bureau of Circulations information. Figures are for the six months ending March 31 compared with the same six-month period last year, except where noted. Where papers reported Monday through Thursday circulation and separately for higher-selling Friday papers, the figures are weighted averages of the two.

Rank	Newspaper	Circulation	% chg	Sun. circ.	% chg
1	Wall Street Journal	1,935,866	0.2	—	—
2	USA Today**	1,460,494	3.8	—	—
3	Los Angeles Times	1,210,077	8.1	1,504,540	5.7
4	New York Daily News	1,180,139	(4.1)	1,461,316	(4.3)
5	New York Times	1,149,683	2.9	1,706,013	2.6
6	Washington Post	824,282	1.5	1,154,420	0.4
7	Chicago Tribune	740,713	0.1	1,141,455	0.4
8	(New York) Newsday	711,264	2.0	713,779	0.8
9	Detroit Free Press‡	639,767	CF	1,270,420	CF
10	San Francisco Chronicle‡	569,257	2.3	713,172	1.7
11	Chicago Sun-Times	532,678	(4.0)	566,808	(4.8)
12	Detroit News	526,147	—	—	—
13	Boston Globe	522,981	2.6	787,858	0.1
14	Philadelphia Inquirer	522,020	4.4	994,539	(1.6)
15	New York Post	504,720	(5.7)	—	—
16	(Newark, N.J.) Star-Ledger*	470,045	2.6	687,054	1.6
17	Houston Chronicle	449,755	5.1	620,752	6.0
18	Miami Herald	443,216	0.1	551,027	0.8
19	(Minneapolis-St. Paul) Star Tribune	410,226	1.7	663,063	2.0
20	Dallas Morning News**	389,605	5.4	565,164	5.7
21	Arizona Republic*	382,952	2.9	581,386	2.6
22	St. Petersburg (Fla.) Times	381,277	1.4	494,018	4.8
23	St. Louis Post-Dispatch	376,286	(0.5)	561,585	0.2
24	Boston Herald	370,752	3.0	253,233	0.5
25	(Denver) Rocky Mountain News	364,790	0.5	415,322	1.8
26	Orange County (Calif.) Register	349,019	1.2	402,060	2.4
27	(Portland) Oregonian	332,250	1.4	428,095	2.9
28	Houston Post	328,869	2.1	371,634	2.4
29	Buffalo News	315,732	(1.3)	380,610	(0.9)
30	Atlanta Constitution‡	310,434	9.9	682,001	2.5
31	Tampa (Fla.) Tribune*‡	309,638	7.8	407,225	6.4
32	Kansas City (Mo.) Star	300,208	CF	417,286	0.6
33	Orlando (Fla.) Sentinel	285,024	CF	387,505	2.5
34	New Orleans Times-Picayune*	281,919	0.0	334,313	(1.4)
35	San Jose (Calif.) Mercury News	281,369	1.6	334,284	0.7
36	Milwaukee Journal	276,280	0.2	502,637	(0.8)
37	San Diego Union*	271,131	0.7	443,788	1.4
38	Sacramento (Calif.) Bee*	263,412	4.9	322,870	5.3
39	Fort Lauderdale (Fla.) Sun-Sentinel	257,091	10.5	350,211	2.9
40	Columbus (Ohio) Dispatch	252,363	(1.9)	386,936	1.7
41	Denver Post	246,837	4.3	408,544	3.1
42	Philadelphia Daily News	235,828	(0.8)	—	—
43	Louisville Courier-Journal	235,698	0.1	326,259	(0.2)
44	Seattle Times	233,855	(1.1)	—	—
45	(Baltimore) Morning Sun	233,539	0.7	494,067	1.8
46	Charlotte (N.C.) Observer	232,018	(1.6)	292,004	(0.3)
47	Hartford (Conn.) Courant	230,358	2.2	316,792	1.5
48	Pittsburgh Press	228,232	0.4	557,563	(0.5)
49	Indianapolis Star	226,170	(2.0)	404,112	(0.5)
50	Oklahoma City Oklahoman	225,861	(1.4)	322,717	(0.1)
51	Dallas Times Herald	222,519	0.2	332,449	(0.4)
52	(Memphis, Tenn.) Commercial Appeal	216,758	1.9	293,004	1.1
53	Des Moines (Iowa) Register	208,457	(1.1)	349,015	(1.8)
54	Providence (R.I.) Journal-Bulletin‡	203,099	1.8	263,884	0.8
55	(Los Angeles) Daily News	202,384	10.4	214,205	6.3
56	Seattle Post-Intelligencer	201,505	(1.6)	—	—
57	Cincinnati Enquirer	198,828	1.0	344,313	2.0
58	St. Paul (Minn.) Pioneer Press	197,265	2.9	257,725	1.4
59	Atlanta Journal	194,938	5.6	—	—
60	Palm Beach (Fla.) Post**	190,172	5.8	234,897	4.0
61	San Antonio (Texas) Express-News	183,958	1.5	271,038	(0.6)
62	Dayton (Ohio) Daily News	181,172	0.8	232,059	1.5
63	(Jacksonville) Florida Times-Union	179,009	3.3	243,809	3.5
64	San Antonio (Texas) Light	178,122	11.6	253,672	9.1
65	Austin (Texas) American-Statesman	176,517	2.2	223,257	2.5
66	Birmingham (Ala.) News	173,947	0.8	212,698	1.7
67	Milwaukee Sentinel	173,829	(1.3)	—	—
68	Westchester-Rockland (N.Y.) papers	167,640	0.8	195,857	0.1
69	(Baltimore) Evening Sun	167,637	(1.5)	—	—
70	Pittsburgh Post-Gazette	165,371	(0.9)	—	—
71	(Bergen, N.J.) Daily Record*	161,546	CF	230,070	1.0
72	Fort Worth (Texas) Star-Telegram	160,038	12.8	333,955	3.1
73	Riverside (Calif.) Press-Enterprise	156,508	4.6	164,748	4.6
74	Raleigh (N.C.) News & Observer*	155,684	CF	188,913	0.7
75	Toledo (Ohio) Blade	154,365	(0.1)	218,219	(0.5)
76	(Akron, Ohio) Beacon Journal	153,663	0.5	223,082	0.8
77	Norfolk Virginian-Pilot*	151,251	1.3	236,886	2.1
78	(Asbury Park, N.J.) Press	149,820	3.7	218,684	4.0
79	Fresno (Calif.) Bee	148,491	2.8	181,065	4.0
80	Little Rock (Ark.) Gazette**	146,814	CF	221,594	(1.6)
81	Columbia (S.C.) State	144,995	3.6	170,714	4.0
82	Richmond (Va.) Times-Dispatch	143,167	1.7	255,260	3.1
83	Grand Rapids (Mich.) Press	141,700	(0.2)	185,027	(0.6)
84	San Francisco Examiner	140,704	3.9	—	—
85	Sarasota (Fla.) Herald-Tribune*	139,036	3.8	167,569	3.8
86	(Allentown, Pa.) Morning Call	137,634	0.5	183,325	0.3
87	Las Vegas Review-Journal	134,371	(0.1)	168,162	5.3
88	Copley Los Angeles Newspapers	132,413	2.4	126,118	2.7
89	(Long Beach, Calif.) Press-Telegram	130,055	4.3	155,386	4.9
90	Rochester (N.Y.) Democrat & Chronicle	129,352	1.3	259,431	0.2
91	Nashville Tennessean	129,136	1.9	264,663	2.2
92	Little Rock (Ark.) Democrat	129,010	22.0	220,014	10.3
93	Tulsa (Okla.) World	128,139	1.0	244,042	2.3
94	Omaha (Neb.) World-Herald*	123,540	1.5	286,935	0.5
95	Wichita (Kan.) Eagle Beacon	121,730	1.4	196,686	0.3
96	Albuquerque (N.M.) Journal*	121,396	1.7	159,362	3.0
97	(Wilmington, Del.) News Journal*	119,315	(0.7)	138,134	0.8
98	(Tacoma, Wash.) Morning News Tribune*	118,152	0.8	133,844	3.4
99	San Diego Tribune*	117,623	(3.7)	—	—
100	(Worcester, Mass.) Telegram & Gazette*	117,399	CF	136,632	4.2

The Cleveland Plain Dealer did not report information in time for ABC's FAS-FAX report. *3-month figures for Jan. 1 through March 31 compared with same previous period. **Adjusted figure combines separately reported circulation numbers. ‡Sunday papers carry either another name or are combined with those of another paper. CF—Change in frequency, papers have switched frequency, cycles or reporting format since last report. In Detroit, figures shown are for circulation after the joint operating agreement changes Nov. 27, and in Kansas City after the afternoon Star was dropped and the morning Times took on the Star's nameplate March 1.

SPECIAL REPORT

Grocery Marketing: Health Claims

Edited by Adrienne Ward

Is seeing believing? S-2
Exclusive *Ad Age*/Gallup survey results.

Fresh fare S-4
Progress reports on "healthy eating" fare.

Scare tactics S-12
"Buy or die" mentality gets toned down.

The legacy of Benefit

Ambitious health claims head woes that befell Big G cereal

By Julie Liesse

Benefit was "the product that stepped over the line" for health claims, says Timothy Ramey, analyst with County NatWest USA.

But Steve Sanger, president of General Mills' Big G cereal division, views the controversial Benefit, a psyllium-based cereal now off the market, with a different, insider's perspective.

"It's so frustrating," he says. "What we were saying about Benefit was truthful, accurate and very complete. So if it went over the line, I have to ask, '*What* line?' "

Many in the food industry think Benefit —which a year ago seemed to be the right product arriving in supermarkets at the right time—has left a case study of the pitfalls of "healthy" foods marketing.

To many, all the different aspects of the debate on the subject came to a head in the cereal's short life:

- The cereal staked the heart of its cholesterol-reducing claim on an ingredient often used in laxatives, begging the question: Food or drug?
- Introductory advertising was aggressive; some accused General Mills of employing "scare tactics" and frightening consumers. Others say ads assumed too much from consumers who ate oat bran with only a vague idea of what marketers meant by "soluble fiber" and "cholesterol reduction."
- Benefit's packaging was more aggressive than any predecessor in using the "reduce cholesterol" label, attracting the attention of state and federal regulators. For example, the Quaker Oat Bran package says, "May help reduce cholesterol."

"Benefit certainly did get regulatory attention, and that kind of attention raised all the basic questions of the current debate over health claims," Mr. Sanger says. "Benefit was a product formulated to provide a specific health benefit in addition to being a satisfying, nutritious cereal.

"And it certainly wasn't an isolated case if you're looking at it from the standpoint of food marketers finding ways to provide products that have beneficial effects—something that we'll continue doing," Mr. Sanger says.

"Benefit is an example of one that did not succeed because it did not develop strong enough consumer interest."

But Mr. Ramey says, "That huge 'reduce cholesterol' line brought all the regulatory and competitive forces down on them. From now on, everyone else will think twice about what they do, and how the regulators will act before introducing a new food product."

To claim success in the $6.9 billion ready-to-eat cereal market, a product generally has to achieve a 1% share. Benefit, Mr. Sanger says, never really exceeded 0.5%. It was in only 28% of the U.S. when discontinued in December.

General Mills "made a judgment that this product was going to be a modest seller. With eight months of information, we felt we could make a good assessment," he says.

"We thought of its introduction as a [eventual national rollout]. We were strapped for capacity and unable to introduce it more broadly. But we found we also had to restrict the potential of some of our other cereals because of it. That was another key factor in our decision to pull it.

"It's never easy to discontinue a product; we always tend to think in terms of modifying [aspects] to make the product work. But this was the appropriate decision."

Food marketing executives believe a gap in consumer education was critical to Benefit's problems.

"I don't think General Mills made any classical marketing mistakes," says Phil Lempert, editor of the *Lempert Report*, a food marketing newsletter. "To me, it was more a case of not understanding their consumer properly and not recognizing the nutritional-information overload [hitting] American consumers.

"Every time a new study comes out, it changes the rules. Is oat bran good for you? Is rice bran? Nobody's really listening to the consumer about how confused they really are."

For Benefit's psyllium-based

(Continued on Page S-18)

BAROMETER

Take a number

Brand breakouts

Most-advertised brands in top 10 advertised grocery categories ($ in millions)

Advertiser	1989	% of total category
Kellogg *cereals*	$373.3	44.5%
Folgers *coffees*	90.4	28.5
Tropicana *juices*	46.8	19.0
Beef Industry Council *meats*	31.5	13.9
Stouffer *frozen entrees*	38.2	17.9
Crisco *oils*	21.3	15.4
Kraft *cheeses*	57.1	44.6
Nabisco *cookies & crackers*	70.0	59.7
Kraft *salad dressings & mayonnaise*	51.5	44.0
Heinz *condiments*	26.8	27.3

Source: LNA/Arbitron Multi-Media Service

Take the pulse

When Euell Gibbons began touting Grape-Nuts, you probably gave *some* thought to eating the cereal over cholesterol-clogged doughnuts. Stars carry a certain panache in pitching "healthy" eating; here are a few:

Michael Tucker...Doesn't he sound like a TV lawyer when he spouts, "has everything the Surgeon General recommends" in urging viewers to buy Total cereal? Talk about typecasting.

Cheryl Tiegs...Realizing that youthful model's look could age gracefully into a Sears gig, Cheryl expanded to capture the "healthy mom" crowd in Light 'N Lively yogurt spots. She seemed more likable in bathing suits.

Wilford Brimley...Want some grand fatherly advice? We can't think of any actor who comes off so convincingly as "Grandpa" in "Cocoon." For Quaker Oats and the company's Instant Quaker Oatmeal, it certainly has been the right thing to do.

Bob Kowalski...The "7-Week Cholesterol Cure" author proves he's an eloquent presenter. Quite believable, his appeal for smarter eating segues nicely into one way, eating Quaker Oat Bran cereal.

Michael Gross...Head of the Keaton clan who ended up playing second fiddle to Michael J. Fox's Alex. Well, Fox got Pepsi's millions, while Gross comes off uninspiring for what he's shilling, ConAgra's Healthy Choice.

Ad claim skeptics still bite

Consumers may doubt much of what they read on food packages, but that isn't stopping them entirely from buying products that make health claims.

An exclusive *Advertising Age*/Gallup Organization poll finds a majority of those surveyed doubt claims such as "reduces cholesterol" and "reduces the risk of colon cancer."

And while "low fat" was found to be the most believable health claim, one-third of respondents don't believe it.

The survey shows that 50.5% of those surveyed don't believe food products "reduce cholesterol"; 50% do not believe they "reduce the risk of colon cancer"; and 36.2% are skeptical of the "low fat" claim.

GALLUP SURVEY

The survey, based on telephone interviews with 972 people, has a margin of error of 3.2%.

Men appear to be more skeptical than women, with 54.6% of them saying they do not believe the "reduces cholesterol" claim vs. 46.6% of women.

The numbers were similar for "low fat" and "reduces risk of colon cancer" health claims.

This skepticism does not mean Americans are ignoring health and nutrition labeling—far from it.

Forty-four percent of respondents report they read all or most health and nutrition information printed on product packaging.

And despite consumer skepticism, health labeling is influencing buying decisions.

Nearly 62% of survey respondents say they are aware of grocery products and ingredients that claim to reduce cholesterol, with 29.3% of those responding yes citing oat bran.

Sixty-five percent of those who could name a product or ingredient say they buy it. The cholesterol-reducing claim's influence on buying decisions is greater among those who could name a product or ingredient as helping to lower cholesterol.

Of those who could name a brand or ingredient, 50.8% say the health claim is an important or very important factor in influencing their purchasing decision.

The *Ad Age*/Gallup survey results are bad news for rice bran marketers.

None of the respondents in the study cited rice bran as helping to reduce cholesterol. □

—Adrienne Ward

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Houston Chronicle

Where consumers stand on health claims

Consumer readership of health & nutrition labels:

All 14.9%
Most 29.3%
Some 29.5%
A few 13.7%
None 12.6%

KEY to numerical ratings

1 2 3 4 5
unbelievable believable

Level of believability for claims such as:

Low fat
1 15.8%
2 20.4%
3 34.6%
4 16.8%
5 11.8%

Reduces cholesterol
1 23.3%
2 27.2%
3 28.7%
4 10.8%
5 9.4%

Reduces risk of colon cancer
1 24.4%
2 25.6%
3 31.0%
4 8.6%
5 7.5%

Consumers who are aware of products or ingredients that claim to reduce cholesterol:

Yes 61.8%
No 37.4%

Of those who responded yes, the product or ingredient is:

Oat bran 29.3%
Other 61.6%
Don't know 9.1%

Do they buy this?

Yes 64.5%
No 35.2%

Of those who do buy, the importance of claims such as "reduces cholesterol" in their buying decision:

1 11.1%
2 13.1%
3 [illegible]
4 [illegible]
5 [illegible]

Sources: Gallup Organization
Ad Age Graphics: John Hall

Four categories with a mission

Progress report on new products catering to consumers trying to 'eat healthy'

BAKED GOODS

Entenmann's sales brisk

By Charlotte Ahern

The niche Entenmann's Inc. opened with its fat-free, no-cholesterol baked goods is drawing interest from other bakers.

Giant Foods, a supermarket chain that carries the new Entenmann's line, plans to launch its own label of competing baked goods this month, says Public Affairs Coordinator Mark Roeder.

He adds that Entenmann's new line is selling better than the company's regular products.

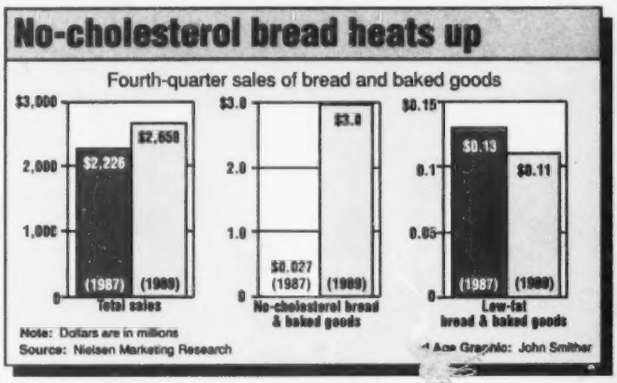
Giant is entering a growing category: Data from Nielsen Marketing Research's ScanTrack Market Planner show sales of bread and baked goods containing no cholesterol nearly quadrupled to $3 million in fourth quarter 1989 compared with the same '88 period. The figures are based on 32 products, nearly half of which are private label.

In the same period, total sales in the bread and baked goods category grew 8.9% to $2.7 million.

Entenmann's new 12-item line of cakes, coffee cakes and cookies was initially so well-received that grocery stores had a hard time keeping the products in stock, store reps say.

"We're trying to bake every box of cake we can, but we are having a hard time keeping up with the demand of the marketplace," says Greg B. Murphy, president-ceo of Entenmann's, a subsidiary of General Foods USA. "There's

(Continued on Page S-17)



CEREAL

Rice bran entries can't touch Batman, Turtles

By Mark Bittman

Rice bran cereals appear to be off to a slow start, according to retailers.

"It's too soon to tell," says one grocery store manager. "But so far none of them is setting the world on fire."

In anticipation of several studies that were supposed to claim rice bran is more effective than oat bran in reducing serum cholesterol levels, three cereal marketers recently launched breakfast cereals featuring rice bran as a main ingredient.

But in January, when a major study funded by the Rice Council of America backfired, those marketers were left without the hype that ignited the oat bran craze.

Unlike their oat bran cousins, rice bran cereals face a tougher climb.

Until the February *New England Journal of Medicine's* study that stunted the oat bran rush, those cereals were aided by several positive studies that started appearing in 1984.

Sales increases reflect the positive publicity those earlier studies garnered. Nielsen Marketing Research's ScanTrack shows ready-to-eat oat bran cereals increased 70.8% to $79.2 million between the fourth quarters of 1988 and '89, while the total category grew 12.9% to $1.76 billion in that time period.

Nielsen doesn't yet have figures for rice bran cereals.

Among the new rice bran cereals is Kellogg Co.'s Kenmei Rice Bran cereal, which contains both brown rice and rice bran. It was launched in January, but Kellogg won't release sales data.

Kenmei is being positioned in advertising as part of a healthy diet. The estimated $30 million ad budget includes TV and coupon-

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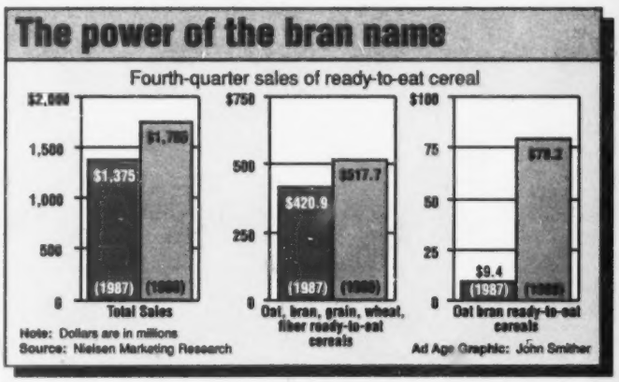

FROZEN DINNERS

Right Course seems to stumble

By Mark Bittman

Consumers are warming up to frozen foods on a health kick, say several grocery retailers.

ConAgra's Healthy Choice and Stouffer Foods' Right Course frozen entrees "seem to be doing pretty well," says Don Vaillancourt, VP-corporate communications for the Grand Union supermarket chain. "They sold through and we're reordering them."

According to ConAgra, Healthy Choice has grabbed more than

one-third of the $600 million premium dinner market since it was introduced about a year ago.

The product's positioning is low fat, low cholesterol and low sodium, but entrees are geared to compete with other frozen foods.

"We went after the top 10 items in the frozen-food case," says Steve Van Tassel, director of marketing for Healthy Choice.

With Salisbury steak, sirloin tips, turkey breast and chicken parmigiana, Healthy Choice offers consumers food within accepted dietary guidelines—without sacrificing traditional frozen-food options, he says.

Advertising by Campbell-Mithun-Esty, Minneapolis, consists primarily of TV and print.

Stouffer's Right Course has been slower off the blocks.

Introduced nationally late last fall, the products include a bar chart that compares sodium, cholesterol and fat levels to accepted guidelines.

Stouffer's Public Affairs Manager Rox O'Hearn acknowledges that, to date, "sales have been perhaps a bit slower than we anticipated."

The $15 million advertising

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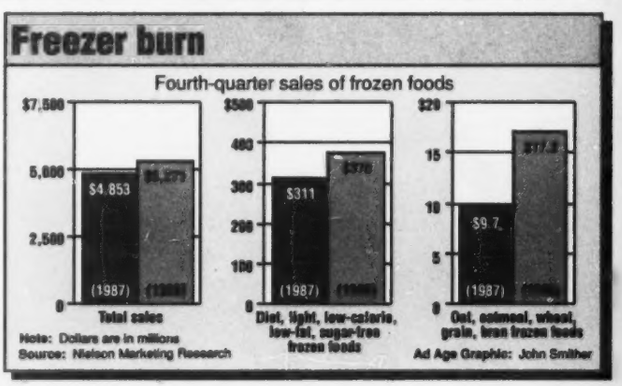

SALAD DRESSING

Boffo sales seen for 'low-everything' salad dressings

By Charlotte Ahern

Clorox Co. and Kraft USA are pouring their efforts into making sure new reduced-fat, cholesterol-free salad dressings duplicate the success of health-oriented mayonnaise.

If Take Heart and Kraft Free—introduced nationally by those two marketers, respectively, this spring—mirror the launch of low-cholesterol and non-fat mayonnaise, the new dressings should snag nearly one-quarter of the category's $1 billion total sales, says Sandy Sullivan, a Clorox consumer information and education executive.

Illustrations by Steve Bjorkman

The marketers are tapping into a growing segment.

According to Nielsen Marketing Research's ScanTrack, fourth-quarter '89 sales of salad dressings that claim to be either low salt, "light," reduced calories or no oil increased 21.7% to $64.2 million compared with the same period in 1988.

At the same time, the total salad dressing category grew 10.9% to $219.9 million.

Ron Morrow, analyst for Smith Barney, Harris Upham & Co., says Kraft alone should expect to generate $150 million to $200 million in sales for Kraft Free's first year.

Tested last October, Kraft Free was shipped nationally in March and backed by a TV and print campaign handled by Leo Burnett USA, Chicago.

To date, it has met all sales expectations, says Roger Deromedi, VP-marketing at the Kraft

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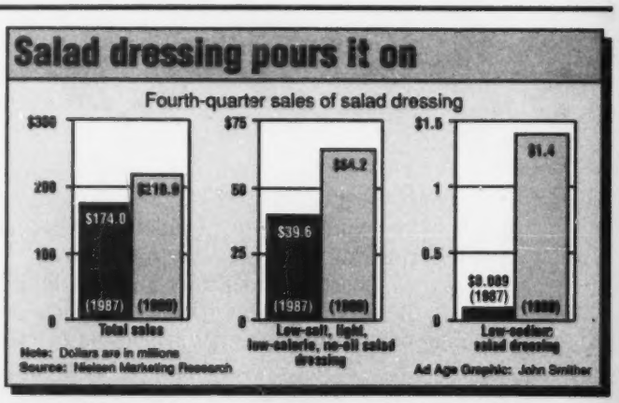


Baked goods

(Continued from Page S-4)

been uniform eruption and explosion in every market we are in." He estimates first-year sales of more than $100 million for the 100 calories-per-serving baked goods.

Grocery retailers appear to be pleased with the results, too.

At Winn-Dixie Stores in Jacksonville, Fla., for example, the products are moving quickly off store shelves, says a grocery buyer serving northern Florida and Georgia.

The launch of Entenmann's cholesterol-free line was accepted well in the Chicago-area's Dominick's Finer Foods partly because it had good promotional support, says Richard Simpson, director of public affairs for the grocery chain.

A TV and print campaign, themed "Now you can eat cake," was created by D'Arcy Masius Benton & Bowles, New York.

Although sales are strong and overall response is positive, some consumers interviewed by *Advertising Age* say the products are too sweet.

But Kelly McCabe, a resident of Chevy Chase, Md., says sweetness is a trade-off she's willing to accept.

"The pineapple crunch cake I tried was too sweet, but it was far better than any of the other low-calorie products I've tasted," she says. □

Charlotte Ahern is a Chicago-area free-lance writer.

Cereal

(Continued from Page S-4)

ing; Leo Burnett USA, Chicago, is the agency.

Kenmei is the only rice bran cereal that is getting attention, says Walter Nelson, grocery manager at Stop & Shop in Fairfield, Conn. "But that's because it's Kellogg's, and they're couponing like crazy," he says.

Overall, however, the rice bran cereals have not yet taken off. "Ninja Turtles and Batman are the really hot cereals," he says.

Quaker Oats Co. is marketing rice bran in two distinctly different products. Ready-to-eat Quaker Crunchy Rice Bran is boxed and sold as cereal and Quaker Honey Crunch Rice Bran is packaged in a jar and is positioned as a topping.

"We're in the early stages of consumer awareness of rice bran," says Ron Bottrell, Quaker senior manager of corporate communications. "We viewed these as niche products to begin with."

Baver Bess Vanderwarker, Chicago, is the agency for the cereals, but neither the agency nor Mr. Bottrell was willing to discuss details.

The third major rice bran cereal launched this year is Ralston Purina Co.'s Rice Bran Options, introduced in January.

The product, a sweetened flake made of brown rice and rice bran and with oat nuggets, is supported by TV and print advertising by Centra, Ralston's in-house unit. □

Mark Bittman is a free-lance writer in New Haven, Conn.

Frozen

(Continued from Page S-4)

budget is handled by Tatham-Laird & Kudner, Chicago.

"Right Course has had problems," says one Northeast grocery retailer. "They started off expensive [$3.39 for an entree], and now they've got a special price [two for $5]. But they still haven't picked up a lot," he says. "Their flavors are good, but they may scare people off with chicken in peanut sauce and the like."

According to Nielsen Marketing Research's ScanTrack, fourth-quarter 1989 frozen-foods sales were $5.3 billion, up 5.3% from the previous year. At the same time, frozen foods that are diet, light, low calorie, low fat or sugar-free grew 4.9%, to $378.7 million.

Neither Stouffer nor ConAgra seems to have had any trouble placing their products in freezer cases, and several retailers report sales of the products are brisk, with Healthy Choice dinners outselling the entrees-only packages from both companies. □

Dressings

(Continued from Page S-4)

grocery products division.

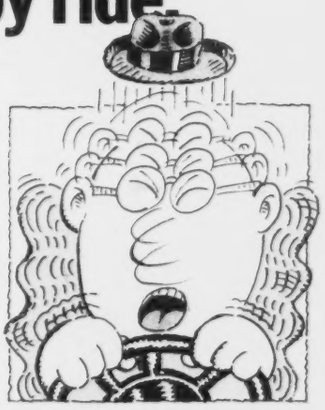
Initial consumer acceptance of Take Heart and Kraft Free has been good, says Richard Simpson, director of public affairs for Dominick's Finer Foods, a Chicago-area retailer. Although advertising for Kraft Free began in March and ads for Take Heart won't start until later this month, both five-flavored lines are selling equally well, he adds.

Clorox last week began a national Take Heart campaign via Young & Rubicam, San Francisco. The cholesterol-free, 91%-to-97% fat-free dressings are marketed under the company's Hidden Valley Ranch label.

The target market is the same health-conscious consumer group that created an entire new category of foods, including mayonnaise, margarine and desserts.

One-third of the country's consumers bought more no-cholesterol/low-fat foods last year than the previous year, according to Clorox research. □

Auto accessory chains that ignore New York's Hispanics are in for a bumpy ride.



New York's Hispanics spend more than $31 million annually on auto accessories—everything from anti-freeze to oil filters, from tires to mufflers.

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Source: SRC's "1988 New York Hispanic Market" report.

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